

From: Andrew Cochrane
To: [AERresets2024-29](#)
Subject: Submission to Ausgrid's proposal to change tariffs - including that for embedded networks.
Date: Wednesday, 17 May 2023 10:56:40 AM
Attachments: [image001.png](#)

Good morning and to whom it may concern.

I am writing regarding Ausgrid's proposal to change its tariffs for embedded networks as detailed in its [proposal](#) dated January 2023..

We operate an embedded network for the benefit of our building and occupants and Ausgrid's proposal to change the tariffs appears nothing more than an abuse of its powers to generate more revenue and further entrench its monopoly position. From their own document Ausgrid states that '*Our proposed fully transitioned EN tariffs will close most of the tariff arbitrage opportunity.* Now why would they want to do this and what benefit does it serve to anyone but Ausgrid?

To be clear – Ausgrid does not own or control the network beyond the meter, and it does nothing to manage or maintain it and now wants to charge the owner for this - the (ill)logic is baffling and akin to appropriation by stealth. As part of the report, I note the proposed introduction of an increased capacity charge for embedded networks to that currently applied to medium and large businesses – and this will have real impacts and we have provided some comments below.

1. Inaccurate tariff differentiation: The proposal does not differentiate between residential and commercial embedded networks (ENs), which may result in unfair charges for certain customer types within ENs.
2. Impact on electric vehicle (EV) charging stations: The proposed tariffs may make it more difficult / uneconomic to install EV charging stations in residential buildings, C&I precincts, and shopping centres – just at a time when the world is electrifying, and such services are in increasing demand.
3. Bill shock for EN customers: The proposed tariffs may result in significant increases in network charges for EN customers, leading to price increases, bill shock and financial stress for these customers - as well as the embedded network owners and operators.
4. Inequity between new and existing ENs: A grandfathering arrangement, as suggested by some stakeholders, could create inequity between new and existing ENs.
5. Inefficient fixed charge recovery: The Ausgrid proposal includes an increased capacity charge but does not address the potential inefficiency of fixed charge recovery due to limited information on the number of sub-metered customers within each EN.
6. Distortion of efficient price signals: The proposed tariffs may not fully address the distortion of efficient price signals and the potential growth of ENs in the area, which could result in less equitable recovery of residual costs.
7. Potential conflicts of interest: The core of the proposal is based on data provided by the DNSPs themselves. They have a financial interest in seeing the end of embedded networks as they effectively compete with DNSPs. Ausgrid is using its position to impact embedded networks (EN) in ways that EN are unable to do to Ausgrid - and there is no reason for this in a fair, modern, and dynamic energy system. This is why we suggest that the AER appoint an independent expert to review the methodology, purpose, and impact of the proposal to determine this, the cost savings and any additional costs resulting from embedded networks - as opposed to the DNSP itself.
8. Difficulty in implementation in relation to opt-out customers: Whilst we have 100% engagement with our embedded network (as we exist to serve and render benefit to the customer) – and there is a potential

impact from the Ausgrid proposals where there are customers who have opted out of an embedded network.

In addition to the above, is the lack of consultation and engagement from Ausgrid. To illustrate - we have just been made aware of their proposal from a 3rd party (not Ausgrid), yet it is something that directly impacts what we do. We have had no consultation from Ausgrid and this opaque approach and attempt to make inequitable change by stealth is deeply entrenched in Australia's energy industry by incumbents aiming to shore up their increasingly indefensible positions in the face of positive change – hence our submission.

We are a large customer (just like any other) - existing to support our community and what happens behind the meter is private and managed by us. We see no benefit or reason to be proposing different tariffs except for Ausgrid to increase their control (over networks that aren't theirs) and to generate more revenue from themselves. To be clear Ausgrid are in a monopoly position and are the beneficiaries of a significant imbalance in power and influence – and this (and the public interest) must be considered objectively with any proposal.

Our purpose as an embedded network is to work together with our occupants to deliver economies that aren't available individually and assist with the cost of living. We offer tariffs below the DMO and work hard to provide a benefit to our customers and ease cost of living pressures and now Ausgrid is attempting to take this away – whilst offering nothing (no value at all) in return. Ausgrid are involving themselves in areas that are simply not in their purview.

We want no part of this and Ausgrid should be ashamed of such a blatant attempt to control and take the revenue from private assets.

It is extremely difficult to see how such a proposal aligns to Ausgrid's stated goal detailed on their report of '*Empowering communities for a resilient, affordable and net-zero future,*' and challenging to see how Ausgrid is empowering anyone other than itself. Accordingly - I implore the AER to reject Ausgrid's proposal completely.

Should you wish to discuss, I would welcome your call anytime.

Many thanks for your time.

Kind regards,

Andrew Cochrane
Director



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